

Exhibit B

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1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF PUERTO RICO
3
4 _____

5 In Re:)
6 THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD) PROMESA TITLE III
7 FOR PUERTO RICO) Case No.
8 as representative of) 17-BK-03283 (LTS)
9 THE COMMONWEALTH OF PUERTO RICO, et. al,)
10 Debtors.)
11 _____)
12 In Re:)
13 THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD) PROMESA Title III
14 FOR PUERTO RICO) Case No.
15 as representative of) 17-BK-03566 (LTS)
16 THE EMPLOYEES RETIREMENT SYSTEM OF THE)
17 GOVERNMENT OF THE COMMONWEALTH OF PUERTO RICO,)
18 Debtor.)
19 _____)
20

21 C O N F I D E N T I A L

22 Videotaped Deposition of Shanshan Cao

23
24 Reported by:

25 LORRAINE B. ABATE, CSR, RPR

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2 bonds for the first time?

3 A. Because we did not think it was a risk,
4 correct.

5 Q. Did John say anything about whether it
6 had been -- the validity of bonds had been considered
7 at the time SV Credit was going to purchase ERS bonds
8 for the first time?

9 A. So I did not ask him if he had
10 considered it. I asked him if he recalled he had
11 concerns about the authority to issue, and his
12 response was to the best of his recollection, no.

13 Q. And John did not -- well, let me ask it
14 this way. Actually, never mind. Okay.

15 Looking at Steve, you also spoke with
16 him. Did you ask Steve whether he had considered
17 whether the validity of the ERS bonds was an issue at
18 the time SV Credit initially purchased the bonds?

19 A. So again, same as with Jonathan. I did
20 not ask him if that was a specific risk that he
21 considered. I did ask him if he was -- he recalled
22 any concerns about ERS's ability to authorize the
23 issuance of the bonds, and again, to the best of his
24 recollection, he was not concerned with that issue.

25 Q. Do you recall when SV Credit first

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2 learned or heard of the argument that the ERS bonds
3 were not validly issued?

4 MS. McGONIGLE: And I'll just caution
5 you not to disclose privileged communications in
6 your response.

9 A. Public pleadings are okay?

10 Q. We can start with that. Do you recall
11 when SV Credit first heard the argument the ERS bonds
12 were invalid in a public pleading?

13 A. I don't recall the specific time frame,
14 but we had first focused on the issue of ERS's
15 authority to issue the bonds with respect to these
16 specific ultra vires arguments when the actual
17 litigation commenced.

18 Q. When you say when the actual litigation
19 commenced, what do you mean?

20 A. I guess when there were legal pleadings
21 filed.

22 MR. BASSETT: I'm sorry to interrupt,
23 but I just want to note an objection for the
24 record to the instruction on privilege grounds
25 to the extent the witness is excluding from her

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2 answer any communications from counsel that made
3 SV Credit aware of any issue concerning the
4 validity of the ERS bonds.

5 We think that is an inappropriate
6 instruction and reserve all rights.

10 Q. Was SV Credit aware of a pleading AAFAF
11 filed in 2017 asserting that the ERS bonds were not
12 validly issued?

13 A. To the best of my knowledge, yes. I
14 don't recall the specific dates, so I assume that is
15 the correct date.

16 Q. Did SV Credit become aware of that
17 public pleading at the time it was filed?

18 A. Again, to the best of my knowledge, yes.

19 Q. Putting aside publicly-available
20 information, when did SV Credit first hear the
21 argument that the ERS bonds may be invalidly

22 MS. McGONIGLE: And I will repeat my
23 caution to the witness not to disclose
24 privileged information.

25 A. I have nothing to add other than what I

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2 just said in response to your earlier question.

3 Q. And when you say that you have nothing
4 to add, are you excluding from your answer
5 information that you believe to be privileged?

6 MS. McGONIGLE: I'm going to object to
7 that as well. You know, answering that question
8 would require the witness to indicate whether --
9 to indicate whether she -- the substance of a
10 request for advice from counsel. And therefore,
11 it is privileged.

12 Q. Are you withholding any information in
13 your answer to my question?

14 MS. McGONIGLE: Same objection. She has
15 already told you that she has nothing to add in
16 light of the caution not to disclose privileged
17 information. Answering yes or no to that
18 question would again, require her to disclose
19 the substance of a request for advice from
20 counsel.

21 MR. DALSEN: Okay. So let's just set it
22 this way, because I want the instruction on the
23 record.

24 Q. So Ms. Cao, I'm going to ask you when
25 you say that you have nothing to add to your

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2 response, are you excluding from your answer to me
3 information that you believe to be privileged, yes or
4 no?

5 (DIR)

6 MS. McGONIGLE: And again, I will
7 instruct the witness not to answer because the
8 question is essentially, whether or not SV
9 Credit sought or received advice from counsel
10 concerning the validity of the bonds, and that
11 answering that question would require disclosure
12 of the substance of a request or advice from
13 counsel.

14 MR. DALSEN: And Ms. --

15 Q. First of all, will you follow your
16 counsel's instruction?

17 A. Yes.

18 Q. Okay. Ms. Cao, yes or no, do you recall
19 when, if at all, SV Credit, through any means, first
20 heard the argument that the ERS bonds were invalidly
21 issued?

22 MS. McGONIGLE: And same caution. I
23 advise the witness not to disclose privileged
24 communications.

25 A. So again, the same answer as before.

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2 There were public pleadings that were filed that
3 specifically made allegations about ERS's authority
4 to issue bonds.

5 Q. Ms. Cao, do you recall when -- this is a
6 yes or no question.

7 Ms. Cao, do you recall when SV Credit
8 first heard the argument that the ERS bonds may be
9 invalid prior to any public pleading that you are
10 referring to?

11 MS. McGONIGLE: And again, same caution.
12 I advise the witness not to disclose privileged
13 communications.

14 A. Then I have nothing to add.

15 Q. And Ms. Cao, are you withholding
16 information on the basis of your counsel's caution in
17 response to my question?

18 MS. McGONIGLE: Same objection.

19 A. I have nothing to add.

20 Q. Ms. Cao, did SV Credit hear the argument
21 that the ERS bonds may be illegally issued or invalid
22 prior to the beginning of the ERS Title III case?

23 MS. McGONIGLE: Same objection. I'll
24 caution the witness not to disclose advice from
25 counsel.

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2 A. So do you mind reminding me when the
3 Title III filing was.

4 Q. May 21st, 2017.

5 A. And the AAFAF complaint?

6 Q. The AAFAF pleading I was referring to
7 earlier was I believe from November of 2017.

8 A. So I have nothing to add.

9 Q. And Ms. Cao, are you withholding
10 information in response to the question I just asked
11 you on the basis of your counsel's caution or
12 instruction?

13 (DIR)

14 MS. McGONIGLE: And again, same
15 objection. Answering that question would
16 require the witness to reveal the substance of a
17 request for advice from counsel if there was
18 one, so I instruct the witness not to answer.

19 Q. And are you going to follow your
20 counsel's instruction, Ms. Cao?

21 A. Yes.

22 Q. Okay. Ms. Cao, did SV Credit hear the
23 argument that the ERS bonds may be illegally issued
24 or invalid prior to any of its purchases of ERS
25 bonds?

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2 MS. McGONIGLE: And same caution that I
3 have given before, I caution you not to disclose
4 privileged communications.

5 A. I have nothing to add.

6 Q. And Ms. Cao, are you withholding
7 information in response to my question on the basis
8 of your counsel's instruction?

9 (DIR)

10 MS. McGONIGLE: Same instruction as I've
11 given. I instruct the witness not to answer
12 because it would require disclosing substance of
13 a request for advice from counsel, if there was
14 such a request.

15 Q. And are you going to follow your
16 counsel's instruction?

17 A. Yes.

18 Q. Ms. Cao, do you recall -- let me ask it
19 differently.

20 Ms. Cao, for SV Credit, do you recall
21 whether SV Credit first heard the argument that the
22 ERS bonds may be invalidly issued or illegally issued
23 prior to 2015?

24 MS. McGONIGLE: Same caution about not
25 disclosing advice from counsel, but you can

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2 answer.

3 A. I don't recall, and I have nothing to
4 add.

5 Q. Ms. Cao, are you withholding from your
6 response to my question any information on the basis
7 of your counsel's instruction?

8 (DIR)

14 Q. And will you follow that instruction?

15 A. Yes.

16 Q. Ms. Cao, did SV Credit first hear the
17 argument that the ERS bonds may be illegally issued
18 or invalid at any point in 2014 or before 2014?

19 MS. McGONIGLE: And same caution. I
20 caution you not to disclose privileged
21 communications, but if you have other
22 information, you may provide it.

23 A. I have nothing to add.

Q. And Ms. Cao, are you withholding from your response to my question any information on the

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2 basis of your client's -- or sorry, on the basis of
3 your counsel's instruction?

4 (DIR)

5 MS. McGONIGLE: And same privilege
6 objection. I'll instruct you not to answer.

7 Q. Are you going to follow that
8 instruction?

9 A. Yes.

10 Q. Okay. Ms. Cao, in preparing for today's
11 deposition, you mentioned you had reviewed a 2011
12 statement.

13 Do you remember that?

14 A. Yes.

15 Q. Do you remember what that statute was?

16 A. I don't recall the specifics, but it was
17 a statute that made certain amendments to the ERS
18 enabling act.

19 Q. And is it your understanding that
20 statute had been passed in the year 2011?

21 A. Given the date, I would assume so, but I
22 don't know for sure.

23 Q. When did you first see that 2011
24 statute?

25 A. I don't recall.

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2 considered to make subsequent purchases of ERS bonds?

3 A. I don't recall specifically. Again, our
4 general practice is to review updated available
5 information. So it would have been similar to the
6 public documents that we referenced last time. So
7 updated financial statements, for example, come to
8 mind.

9 Q. I guess I'll ask yes or no, did SV
10 Credit seek the advice of outside legal counsel to
11 evaluate those subsequent purchases of ERS bonds?

12 A. Again, I don't recall the specific time
13 frame in which we started having conversations with
14 Jones Day, but we did have discussions with Jones Day
15 and Kirkland around some of the issues.

16 MS. McGONIGLE: And I'll just remind you
17 not to disclose the substance of those
18 discussions

19 Q. Ahead of those subsequent purchases, did
20 you specifically discuss the issue of whether the ERS
21 bonds had been validly issued with your outside legal
22 counsel?

23 (DIR)

24 MS. McGONIGLE: Objection, and instruct
25 the witness not to answer as any response would

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2 disclose the content of a request for advice
3 from counsel, if a request was made.

4 Q. Will you follow your counsel's
5 instruction?

6 A. Yes.

7 Q. Okay. Did SV Credit in those --
8 actually, let me ask it this way; for the initial
9 purchase and the subsequent purchases, all of the
10 purchases of ERS bonds that SV Credit made, were
11 those purchases made in the open market?

12 A. Again, not my area of expertise. That's
13 more the trader.

14 Q. So sitting here today, you don't know
15 one way or the other?

16 A. I don't know the specifics of how he
17 executed the trades, no.

18 Q. Do you know what a sale in the open
19 market means?

20 A. I have a general appreciation for it,
21 yes.

22 Q. What do you generally appreciate it to
23 mean?

24 A. It's an order that a trader would place
25 with a desk to buy or sell.